

10/10/01

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re Application of:

Applicant : Kathleen Tyson-Quah  
Serial No. : 09/513,440  
Filing Date : February 25, 2000  
Title of Invention : METHOD OF AND SYSTEM FOR MITIGATING RISK ASSOCIATED WITH SETTLING OF FOREIGN EXCHANGE AND OTHER PAYMENT-BASED TRANSACTIONS  
Examiner : Wynn Coggins  
Group Art Unit : 2165  
Attorney Docket No. : 126-001USA000

Received

OCT 19 2001

Honorable Commissioner of Patents  
and Trademarks  
Washington, DC 20231

Technology Center 2100

INFORMATION DISCLOSURE STATEMENT  
UNDER 37 C.F.R. 1.97

Sir:

In order to fulfill Applicants' continuing obligation of candor and good faith as set forth in 37 C.F.R. 1.56, Applicants submit herewith an Information Disclosure Statement prepared in accordance with 37 C.F.R Sections 1.97, 1.98 and 1.99.

The disclosures enclosed herewith are as follows:

U.S. PUBLICATIONS

<u>NUMBER</u>	<u>FILING DATE</u>	<u>TITLE</u>
5,978,485	June 29, 1998	FOREIGN EXCHANGE TRANSACTION SYSTEM
5,783,808	January 11, 1996	ELECTRONIC CHECK PRESENTMENT SYSTEM HAVING TRANSACTION LEVEL RECONCILIATION CAPABILI

TECHNICAL PUBLICATIONS

"About FXNET" by , <http://www.fxnet.com/fxnet.html>, pages 1-4.

"CLS Services Ltd." by , [www.cls-services.com/StaticContent/TheComapany/CLSS.htm](http://www.cls-services.com/StaticContent/TheComapany/CLSS.htm).

"BEST PRACTICES FOR CREDIT RISK DISCLOSURE" by Basel Committee Publications N0. 74, [www.bis.org/publ/bebs74.htm](http://www.bis.org/publ/bebs74.htm), No. 74, pages 1-2.

"THE WORLD CURRENCIES AND THEIR PAYMENT SYSTEMS" by Jim Ford, Credit

Suisse/First Boston, pages 1-51.

"Request for Proposals" by Ian Robertson and Alan Macfarlane, [www.opengroup.org/security/Nostro%20Accounts%20RFP.htm](http://www.opengroup.org/security/Nostro%20Accounts%20RFP.htm).

"Nimbus Product Brochure" by , Mercator Software.

"AN INTRODUCTION TO CONTINUOUS LINKED SETTLEMENT" by , CLS Services Ltd., CLS Bank, NYC, pages 1-37.

#### STATEMENT OF PERTINENCE

Figs. 23-29D and the accompanying text of U.S. Letters Patent 5,978,485 describes realtime foreign exchange settlement methodologies and systems.

U.S. Letters Patent No. 5,783,808 describes an electronic check presentation system that includes a return notification system that enables participating banks to receive early notification of potential return transactions (transactions presented to a payor bank that have been identified as exceptions by the payor bank) so that the presenting bank may place a hold on the depositor's account pending final disposition of the potential return transaction.

The web site [www.fxnet.com/fxnet.html](http://www.fxnet.com/fxnet.html) describes a system for calculating bilateral netting exposures and net payment amounts in traded currencies for its participants.

The web site [www.clservices.com/StaticContent/TheCompany/CLSS.htm](http://www.clservices.com/StaticContent/TheCompany/CLSS.htm) describes the legal entities that control the CLS Bank.

The web page [www.bis.org/publ/bcbs74.htm](http://www.bis.org/publ/bcbs74.htm) is an executive summary of a paper that provides guidance on best practices for public disclosure of credit risk in banking institutions.

The paper entitled "The World Currencies and Their Payment Systems" describes the national clearing systems for many currencies throughout the world.

The paper entitled "Request for Proposals: Direct Access to Nostro Account Information" describes requirements for an IT solution that enables timely access to information about nostro accounts (for example, current balance and the details of transactions related thereto).

The Nimbus Product Brochure from Mercator Software describes software products for managing receipts and intra-day liquidity problems with regard to current positions, for managing Nostro accounts and for managing multi-currency settlement accounts with CLS Settlement Member Banks.

The paper entitled "An Introduction to Continuous Linked

"Settlement" describes the services provided by CLS Bank, which operates as a clearinghouse to provide a tiered system for clearing foreign exchange settlements, ending with value-for-value settlement of foreign exchange transactions through the agency of a special purpose bank with accounts at participating central banks. CLS Bank's clearinghouse is only effective for transactions wholly in the currencies admitted to the system (i.e. 7 currencies are proposed for initial operations), only market participants joining the CLS system or clearing through participants, and only for foreign exchange settlements. The CLS system requires substantial investment and changes to existing systems for reporting and matching of transactions, and for payment and liquidity management among participants. The settlement process utilized by the CLS Bank stores transactions in a queue. Transactions are selected from the queue one at a time (starting from the top of the queue and working downward). The selected transaction is subjected to six risk management tests (3 on each side of the transaction) to determine if the transaction (or portions of a netted transaction) can settle. These 3 risk management tests involve limits (short position limit, aggregate short position limit, net positive value) on the settlement member's account.

A separate listing of the above references on PTO Form 1449 and a copy of these references are enclosed herewith for the convenience of the Examiner.

Respectfully submitted,

Dated: October 18, 2001

  
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